COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF TOLL AND ACCESS CHARGE PRICING AND TOLL SETTLEMENT AGREEMENTS FOR TELEPHONE UTILITIES PURSUANT TO CHANGES TO BE EFFECTIVE JANUARY 1, 1984	)	CASE NO. 8838 PHASE I
AND		
DETARIFF BILLING AND COLLECTION SERVICES	)	ADMINISTRATIVE CASE NO. 306

O R D E R

On September 5, 1991, the Commission issued an Order in this proceeding concerning billing and collection practices of local exchange carriers ("LECs"). On September 25, 1991, motions for rehearing were filed by South Central Bell Telephone Company ("South Central Bell"), GTE South Incorporated and Contel of Kentucky, Inc. d/b/a GTE Kentucky ("GTE/Contel"), Cincinnati Bell Telephone Company ("Cincinnati Bell"), Alltel Kentucky, Inc. ("Alltel"), the Independent Telephone Group ("ITG"), AT&T Communications of the South Central State, Inc. ("AT&T"), and MCI Telecommunications Corporation ("MCI").

South Central Bell and GTE/Contel request rehearing of the Commission's requirement that LECs tariff billing and collection rates for interstate telecommunications services when those services, absent their interstate nature, would be allowed by Kentucky state law to be a tariffed utility service. South

Central Bell argues that the requirement to tariff charges associated with the provision of billing and collection for interstate services should be reversed. South Central Bell further contends that the Federal Communications Commission ("FCC") preempted states from regulating interstate billing and collection services. However, the Commission's September 5, 1991 Order makes it clear that the Commission has merely determined the appropriate range of services and conditions under which jurisdictional LECs shall provide billing and collection services. No interexchange carrier ("IXC") is required to pay any rate associated with the provision of interstate service.

The reference in the Commission's Order indicating that LECs should tariff billing and collection charges for interstate telecommunications services was inadvertent and incorrect. The Commission will modify the September 5, 1991 Order on its face to delete any reference to the inclusion in LECs billing and collection tariffs charges for interstate telecommunications services.

Accordingly, the Order requires the following modification:

(a) Ordering Paragraph 2, as modified, should state: "LECs shall include on their utility bills charges for interstate telecommunications services only when that service, absent its interstate nature, would be allowed by Kentucky state law to be a tariffed utility service."

(b) The first two complete sentences on page 7, as modified, should state: "This case is not applicable since this Commission has instituted no such tariff, but merely determined the appropriate range of services for which jurisdictional LECs shall be allowed to include on customers' bills for regulated utility services."

(c) The last sentence on page 8 continuing to page 9, as modified, should state: "The Commission's requirement that LECs bill and collect on the customers' regulated utility bill only those interstate services which, but for their interstate nature, would be allowed to be tariffed on an intrastate basis does not interfere with the FCC jurisdiction over the provision of interstate services."

(d) The first sentence in the last paragraph on page 10, as modified, should state: "LECs should include charges on their utility bills for interstate telecommunications services for IXCs only when a service, absent its interstate nature, would be allowed by Kentucky state law to be a tariffed utility service."

(e) The first sentence of the last paragraph on page 11, as modified, should state: "In summary, the billing and collection by a LEC should include separate sheets with rates for intrastate tariffed services and for interstate services which, but for their interstate nature, would be tariffed services under Kentucky state law."

South Central Bell, Cincinnati Bell, Alltel, and the ITG all requested rehearing of the requirement in the September 5, 1991 Order for LECs to account for the revenues and expenses associated with billing and collecting for nonutility services below the line, or on an unregulated basis. South Central Bell notes that this amounts to deregulation of billing and collection services associated with nonutility service and that parties should be given an opportunity to be heard on this issue. Cincinnati Bell contends that below the line treatment for revenues and expenses associated with the billing and collecting of nonutility services would produce a change in its accounting practices which have been established by the FCC. Finally, the ITG asserts that the account separations process required by this treatment is not in place for the small LECs.

The Commission finds that the rehearing requests of this issue should be granted and will herein modify the September 5, 1991 Order to delete all references to accounting for revenues and expenses associated with billing and collecting for non-utility services as below the line. Accordingly, the following sentence on page 9 of the September 5, 1991 Order should be deleted: "However, the billing and collection by LECs of interstate services which are nonutility in nature will be at rates which are not tariffed and the LEC revenues and expenses associated with this billing and collection will be below the line." Also, the following sentence on page 11 of the Order should be deleted: "For any other billing and collection service provided by LECs, the associated revenues and expenses must be accounted for below the line."

All parties requested rehearing on the bill format changes required by the separate billing sheets for nonutility services, including the requirement for a disclosure statement in the uppermost position of any billing sheet containing charges for nonutility services in no less than 14 point bold type.

Cincinnati Bell and South Central Bell were specifically concerned about the billing and collecting for 900-type services where the Commission required that the transmission charges appear on the utility sheets and the vendor charges appear on the nonutility sheets. The Commission reaffirms its original decision regarding the billing and collecting for 900-type services. However, to the extent that any LEC cannot separate the transmission and vendor charges, then both charges should be billed on the separate billing for nonutility charges.

Alltel and GTE/Contel specifically referenced the Commission's mandate that LECs bill for their own nonregulated or untariffed services on the nonutility sheets, noting the administrative difficulties of separating the charges. The Commission finds no new evidence presented to change its previous decision on this issue and therefore reaffirms its September 5, 1991 Order as to this issue. Furthermore, a review of the LECs' tariffs reveals that there are no provisions which are in conflict with this issue and therefore no additional hearing is necessary in this matter.

All parties suggested the Commission convene an industry task force to develop bill format changes which accomplish the Commission's objective of billing for utility services on separate sheets from billing for nonutility services and disclosing to customers that nonpayment of nonutility services would not result in disconnection of local telephone service. No one expressed concern about the content of the disclosure statement, but rather about the specific bill format changes necessitated by the

Commission's Order. The Commission rejects the proposal to form a task force. However, in response to the enumerated concerns of the parties about the specific bill format to be used for the separate billing sheets for nonutility services, the Commission will give 30 days from the date of this Order for LECs to submit bill format proposals or submit one bill format which all LECs can use which comply with the Commission's objectives of separately billing utility and nonutility services and notifying customers that failure to pay nonutility services will not result in disconnection of local telephone service. Thereafter, the Commission will take 30 days to issue a final Order setting forth the bill format for all LECs to use. The parties will have 90 days from the Commission's final Order to comply.

Finally, several parties requested a stay of the Commission's September 5, 1991 Order pending the outcome of reconsideration of the issues. The stay will be granted for the time period set out herein.

IT IS THEREFORE ORDERED that:

1. The September 5, 1991 Order is hereby modified to delete any reference to the tariffing of billing and collection charges for interstate telecommunications services specifically as described herein.

2. All references contained in the September 5, 1991 Order to the revenues and expenses associated with the billing and collecting for nonutility services as being below the line shall be deleted specifically as described herein.

3. The decision concerning billing and collecting for 900-type services is affirmed; however, to the extent that transmission and vendor charges cannot be separated, both charges shall appear on a separate billing for nonutility charges.

4. The parties shall have 30 days from the date of this Order to submit a proposed bill format which all LECs will use and shall comply with the Commission's objectives as delineated herein.

5. The implementation of the September 5, 1991 Order is stayed pending the Commission's final Order specifying the bill format to be used.

6. Except as otherwise specified herein, the September 5, 1991 Order remains in full force and effect.

Done at Frankfort, Kentucky, this 14th day of October, 1991.

PUBLIC SERVICE COMMISSION

Chairman

Vice Chairman

Commissioner

ATTEST:

Executive Director